

VZCZCXYZ0000
PP RUEHWEB

DE RUEHKB #0003/01 0031018
ZNY CCCCC ZZH
P 031018Z JAN 08
FM AMEMBASSY BAKU
TO RUEHC/SECSTATE WASHDC PRIORITY 4531
INFO RUCNCIS/CIS COLLECTIVE PRIORITY
RUEHAK/AMEMBASSY ANKARA PRIORITY 2548
RUEAIIA/CIA WASHINGTON DC PRIORITY
RUEKDIA/DIA WASHDC PRIORITY
RUEHNO/USMISSION USNATO PRIORITY 0737
RUEHVEN/USMISSION USOSCE PRIORITY 0791
RUEKJCS/SECDEF WASHDC PRIORITY
RHMFIISS/CDR USEUCOM VAIHINGEN GE PRIORITY

C O N F I D E N T I A L BAKU 000003

SIPDIS

SIPDIS

DEPT FOR EUR/CARC

E.O. 12958: DECL: 01/03/2018
TAGS: PREL PGOV PBTS ENRG KDEM AJ
SUBJECT: AZERBAIJAN'S INCREASINGLY CONFIDENT FOREIGN POLICY

REF: A. 06 BAKU 1270
1B. BAKU 00256
1C. BAKU 1230

Classified By: Ambassador Anne E. Derse per 1.4 (b,d).

11. (C) Summary: In the past few years and especially the last year as oil revenues have come on-line, the GOAJ has adopted a strikingly more confident and activist foreign policy. The GOAJ's new activism is reflected in a high volume of foreign visits to and from Azerbaijan, the large number of new Azerbaijani diplomatic missions opening abroad, increasing GOAJ activity in hosting international events in Baku, and in public and private statements by GOAJ officials underscoring Azerbaijan's growing regional prominence. GOAJ interlocutors emphasize that Azerbaijan's maturing foreign policy includes the goal of Azerbaijan being treated with "respect" and as "an equal;" they cite U.S.-Russian discussions over Gabala, the EU's interest in Azerbaijan's role as a gas supplier, and Iran's willingness to allow Baku to open a consulate in Tabriz, Iran as indicators of Azerbaijan's growing regional prestige. The GOAJ's rising confidence also is reflected in a growing resistance to some outsiders' policy prescriptions, including Western advice on democracy and human rights. End Summary.

12. (C) Over the past several years, the GOAJ has adopted an increasingly confident and activist foreign policy. Fueled in part by Azerbaijan's growing energy wealth and sense of growing regional clout, the GOAJ increasingly wants to be treated as a regional leader. It also seeks to use its growing international profile to advance its position on the long-standing Nagorno Karabakh conflict. President Aliyev laid out his vision for a more activist foreign policy in a summer 2006 address to Azerbaijan's Chief of Missions, noting that "A lot depends on Azerbaijan's policy in the region now. Not a single political, economic, transport or any other kind of project can be carried out without Azerbaijan. This strengthens our country." During this same speech, Aliyev also called on Azerbaijani ambassadors to be engage in an active "information campaign" to counter the influence of the Armenian lobby in many countries and gain support for Azerbaijan's position on the Nagorno Karabakh conflict (ref a).

13. (C) Baku's more confident and activist foreign policy approach is apparent in at least three areas. First, there has been a dizzying tempo of senior-level foreign visitors to Baku, with an equally active travel schedule for senior GOAJ

officials. According to local press reports in the early summer, President Aliyev had traveled 72 times to foreign countries since the 2003 Presidential election. Of these 72 visits, seven were state visits, 23 were official visits, and 38 were at the working-level. Since that report was published in May 2007, President Aliyev has taken several high-profile trips, including to Egypt, Brussels, Poland, Jordan, Kazakhstan, Lithuania and France. Second, the GOAJ is significantly and quickly increasing its diplomatic presence abroad. In the last three years, the GOAJ has opened 32 new overseas embassies and many new embassies are also opening in Baku, including missions for Argentina, Mexico, Thailand, Sweden, and Croatia in 2008. Third, the GOAJ has adopted an increasingly confident tone in both its public and private statements. In a late August statement to the local press, President Aliyev made no bones about his foreign policy ambitions, declaring that "Our initiatives and proposals not only created new opportunities for Azerbaijan, but also affect international relationships. Azerbaijan is becoming the leading country in the region. That is a reality recognized by everyone . . . (this) will help us in achieving goals in the international stage, liberation of the occupied territories, as well as providing prosperity for (the) Azerbaijani people."

¶4. (C) Azerbaijan's increasingly confident foreign policy was highlighted during the 2007 Caspian Oil & Gas Show, an annual event that attracts senior government officials and energy executives from all over the world. In an illustrative incident that made the rounds in the diplomatic circuit in Baku, during a meeting with the visiting then-Norwegian Deputy Minister of Energy Anita Utseth and senior Statoil executives, President Aliyev responded angrily to Utseth's comments on human rights, telling the Minister that Norway had no right to raise human rights concerns, according to the Norwegian Ambassador. (Note: Statoil and the GOAJ already had been experiencing differences over the marketing of Shah Deniz Phase II gas; many observers believe that the GOAJ had long-standing plans to cut Statoil from the marketing plan, even without a foreign policy clash) The stunned Norwegian delegation spent the remainder of the Oil & Gas Show whispering about Aliyev's outburst, leading members of the diplomatic community to believe that Aliyev's statement -- aide in the midst of increasing international pressure on Azerbaijan's poor media climate -- signaled a new hardline on democracy and human rights issues.

¶5. (C) President Aliyev later recounted this episode to visiting BP executive Andy Inglis and AIOC President Bill Schrader, telling them that it was unacceptable for Norway to lecture him on human rights and that Statoil therefore would not receive the contract to market Shah Deniz Phase II gas. According to Schrader, an "extremely agitated" Aliyev said that "only the United States can treat me that way, as the United States is the only superpower." Schrader noted that Aliyev likely shared this story in order to lay down a marker with BP as it is negotiating PSA extensions. Yet Schrader, a fairly regular interlocutor of Aliyev's also commented that Aliyev's hardline toward anyone but the United States reflects Azerbaijan's growing assertiveness on the international stage.

¶6. (C) Azerbaijan's decision not to buy Russian gas last winter was a defining moment in Azerbaijan's growing confidence. As President Aliyev proudly briefed senior U.S. officials on the eve of the February Economic Partnership Commission meetings, he viewed Azerbaijan's refusal to bow to Russian gas policies as a triumph, describing it as an act that "destroyed the myth of Gazprom." Aliyev continues to refer to Azerbaijan's decision to stand up to Russian pressure as "an example for the region." As the two preceding examples suggest, Azerbaijan perceives its can chart an independent foreign policy with increased freedom of action from external countries, including Russia and Western states.

¶7. (C) In a November 30 meeting, Presidential Foreign Policy Advisor Novruz Mammadov confirmed that President Aliyev is

indeed pursuing a much more confident foreign policy. According to Mammadov, the shift is due in part to a growing sense on the part of President Aliyev that some of the policies pursued by his father have not paid their planned political dividends. Recounting a recent discussion with Ilham Aliyev, Mammadov said that Aliyev pointed to energy contracts signed by his father and said that Heydar Aliyev told him that he made a conscious choice to set advantageous terms for energy companies because these terms would result in political gains for Azerbaijan. According to Mammadov, Ilham Aliyev believes that Azerbaijan has not seen these political gains and is now rethinking his father's generous approach to the energy contracts. Specifically, Mammadov said, President Aliyev has ordered that the GOAJ change the visa requirements and increase the taxes levied on foreigners working in Azerbaijan.

¶18. (C) Mammadov said that President Aliyev's recent travel schedule -- with trips to France, Turkey, the Baltics, and Poland -- indicated that Azerbaijan's overall foreign policy orientation toward the West had not changed. However, Mammadov said that Aliyev is under increasing fire from within his own administration over some of his key foreign policies, specifically his stance on the Nagorno Karabakh conflict and the democracy commitments undertaken as part of Azerbaijan's engagement with the Euro-Atlantic community. The President has "suffered a lot" as a result of his NK policy, Mammadov said, and he is under increasing pressure from "others" in his administration who oppose further democratic reforms. Mammadov hinted that progress on the Nagorno Karabakh conflict and a more welcoming embrace from the West would be some of the "dividends" envisioned by Heydar Aliyev when he signed Azerbaijan's energy contracts in the mid-1990s.

¶19. (C) Mammadov's comments have been echoed by other GOAJ contacts, who question what benefits Baku derives in terms of its key issues -- NK and Azerbaijan's independence and security -- from its western orientation. GOAJ interlocutors argue that despite Azerbaijan's western orientation, it is unfairly singled out for western criticism for its democratic failings that many feel are "no worse" than elsewhere in the region.

GOAJ Craves Respect

¶10. (C) This growing sense of confidence -- and quest for international recognition -- permeates lower levels of the Azerbaijani Government. Reflecting this broader trend, MFA First Territorial Department Director Rahman Mustafayev shared his observations on Azerbaijan's increasingly active foreign policy with embiffs. Mustafayev said the number of official visits and the opening of new diplomatic missions is part of a natural process of a newly independent country finding its regional and global role. Mustafayev also proudly observed that Azerbaijan is "respected" by other countries and that Baku looks to be "treated as an equal."

¶11. (C) Turning to recent events, Mustafayev provided several examples of Azerbaijan's growing regional prestige. First, the GOAJ supports U.S.-Russian discussions on the Gabala radar station because U.S.-Russian cooperation could "strengthen our regional position" and "increase respect" for Azerbaijan. Second, European countries' desire to have senior-level Azerbaijani participation in regional energy conferences -- such as the May conference in Krakow and the follow-up conference in Lithuania in October -- underscores Azerbaijan's importance. Third, Mustafayev noted that after years of Azerbaijan attempting to open a consulate in Tabriz, Iran, Tehran finally agreed. Mustafayev linked Iran's new willingness to allow the consulate at Tabriz to increasing U.S.- GOAJ security cooperation. Commenting on the bilateral relationship with Iran, Mustafayev said "everything depends on our regional position," and that if Azerbaijan approaches Iran from a position of strength, Tehran is less able to bully Baku.

¶12. (C) As part of its more activist foreign policy, the GOAJ has been expanding its outreach to the Muslim world, showcasing its Muslim identity and its "multi-vector foreign policy." Baku served as Chair of the Organization of the Islamic Conference's (OIC) Foreign Ministers' Conference from 2006 until 2007, and there have been a number of diplomatic visits between Azerbaijan and several Middle East states in recent months. In April, Foreign Minister Mammadyarov visited Jordan, Syria, and Lebanon. President Aliyev visited Egypt in May and Jordan in July. In the past four months, the Foreign Minister of Bahrain, the Kuwaiti Foreign Minister, and the Emir of Qatar visited Baku. From the Azerbaijani perspective, a key goal of this outreach is locking up support within the OIC and among Middle Eastern states for NK issues and possibly other Azerbaijani-backed multilateral initiatives, such as a GUAM UNGA resolution on the protracted conflicts.

Drivers Behind Baku's Confidence

¶13. (C) Several factors are driving Azerbaijan's more assertive policy, the most important being Azerbaijan's growing energy wealth. While developing a more robust foreign policy is a natural evolution for any newly-independent country, Azerbaijan's wealth has imbued the GOAJ with an air of confidence. As petrodollars flow into Azerbaijan's budgetary coffers, the GOAJ increasingly perceives that it is less reliant on other countries for assistance and that more countries are initiating contact with Azerbaijan and need Azerbaijan, rather than vice versa. The GOAJ sees this wealth as a tool for enhancing its political legitimacy with the population and other foreign governments. GOAJ officials routinely state that Azerbaijan's GDP is the fastest growing in the world, and President Aliyev has spoken about Azerbaijan's increasing role as a donor country. Baku in August, for example, announced that it was providing one million USD in assistance to Moldova to help the country cope with a drought.

¶14. (C) The GOAJ's desire to gain leverage in resolving the Nagorno Karabakh conflict is a second, equally important driver behind Baku's more confident foreign policy. With its growing energy wealth, the GOAJ also has a growing sense of frustration with the OSCE Minsk group peace process. While the GOAJ continues to participate in the Minsk Group process, senior leaders, including President Aliyev, regularly tell us that they believe the peace process is skewed in favor of Armenia. Azerbaijani actions in other diplomatic fora, notably the GOAJ's continuing efforts to pursue an UNGA resolution on the region's frozen conflict, hint that the GOAJ may be looking at additional avenues to pursue its claims against Armenia, or at least increase the pressure on Armenia for a solution. Both President Aliyev and Minister of Defense Abiyev regularly and publicly speak of Azerbaijan's growing military budget and readiness to retake Nagorno Karabakh by force if needed. While we believe these bellicose statements are intended more for domestic public consumption, they also reveal a growing sense on the part of GOAJ leaders that, eventually, they will have the upper hand in the Nagorno Karabakh conflict. And until that time, the GOAJ is working actively to try to get out its side of the story and win international support. The opening of new diplomatic missions is very much tied to Azerbaijan's efforts to lobby a variety of Middle Eastern, Asian, and European governments to support Azerbaijan's position; President Aliyev's active travel schedule also is tied to Azerbaijan's NK agenda.

¶15. (C) A final, related aspect is Azerbaijan's yearning for regional prestige. The quest for public honor and prominence is a cultural trait that permeates every layer of Azerbaijani society, from the way President Aliyev's staff handles meeting requests (a meeting with the President is never confirmed until a few hours beforehand) to the average citizen's desire to showcase his/her mobile phone or attire to the public eye. Senior GOAJ officials -- including President Aliyev -- routinely and bitterly compare

Azerbaijan's treatment by the U.S. and the West to that of its neighbors, regularly complaining that Azerbaijan is criticized for policies and problems which are no worse than those in Georgia and Ukraine that win praise from the West. The GOAJ views foreign policy in part as a tool in the political contest for international prestige.

Comment

116. (C) As Azerbaijan's energy wealth grows, we expect that Baku will demonstrate an increasingly confident foreign policy that bolsters its foreign representation and seeks to translate Azerbaijan's wealth into diplomatic capital. We have certainly seen this process play out in Russia and Kazakhstan. We are just at the beginning of this process, but Azerbaijan increasingly will look to influence other states' policies, rather than primarily being influenced by outside actors. In short, Azerbaijan's foreign policy is shifting rapidly from being reactive to being pro-active, and the GOAJ is actively building its capabilities for activism. This new confidence will require us, in turn, to be more pro-active and strategic in our engagement with Azerbaijan to make progress on the difficult elements in our relationship, including democratic reform. Although the GOAJ continues to pursue its Euro-Atlantic integration goals, it also is increasingly resistant to outsiders', including Western, policy prescriptions and believes it can pursue reform on its own timeline and agenda. To ensure progress in pursuing our interests, we will increasingly need to couple pressure with smart incentives, recognize Azerbaijan's positive actions, and pay attention to Azerbaijan's foremost security concerns -- resolution of the Nagorno-Karabakh conflict and ensuring its independence and security.

DERSE